



USDA Rural Development

*Committed to the Future of
Rural Communities*

Dale Sherwin
State Director

Lee Bambusch
Business Programs Director

Frank Tuma
Community Programs Director

Ghulam Sumbal
Multi-Family Housing Program Director

FY 2004 Dollars Brought Back To Michigan



Single Family Housing

Direct and Guaranteed

\$280,249,112



Rural Business Programs

\$8,071,960



Multi Family Housing

\$48,431,608



Community Facilities

\$31,124,465



Water, Sewer, and Electric

\$129,817,717



Distance Learning Telemedicine

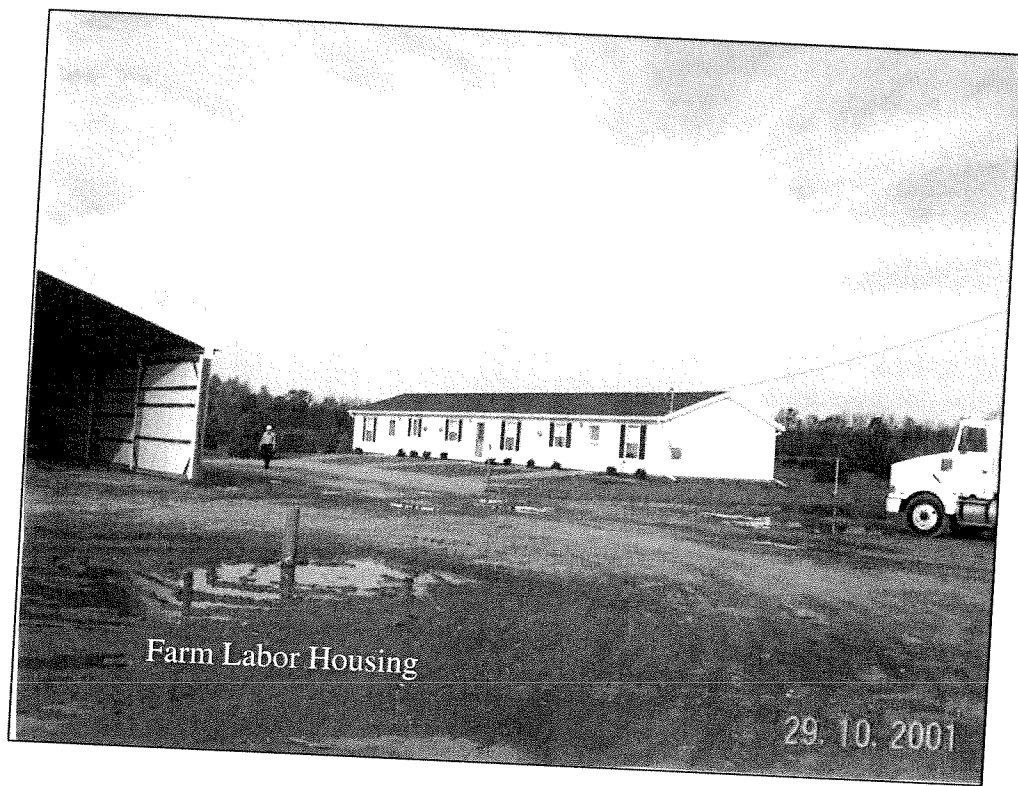
\$5,618,054

This is a brief summary of the Fiscal Year
2004 Dollars brought to Michigan.

USDA Rural Development

Housing Program Area

Note that all of our housing programs are available to communities with a population of less than 20,000



Our farm labor housing program does exactly what it sounds like it does...it provides financing for housing for farm labor...on or off the farm.

This is a 1% loan amortized for 33 years.

You can build single family units or multi-family units.

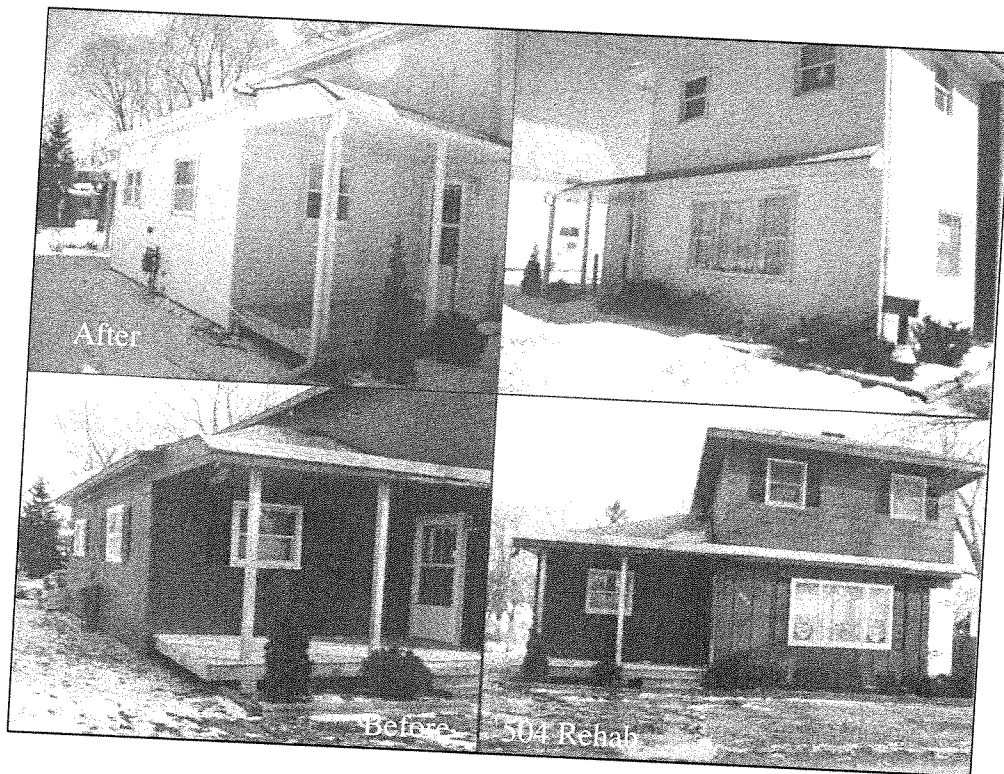
Individual farmers, public or private nonprofits, and units of local government can apply



Multi-Family Projects are for families or elderly. Rent is based on the income of the tenant.

Currently there is very little new construction money available because most of it is being directed into rehabilitating the vast number of projects built in the 1970s.

These loans have a 50-year amortization and individuals, non-profits, and for-profit organizations can apply.

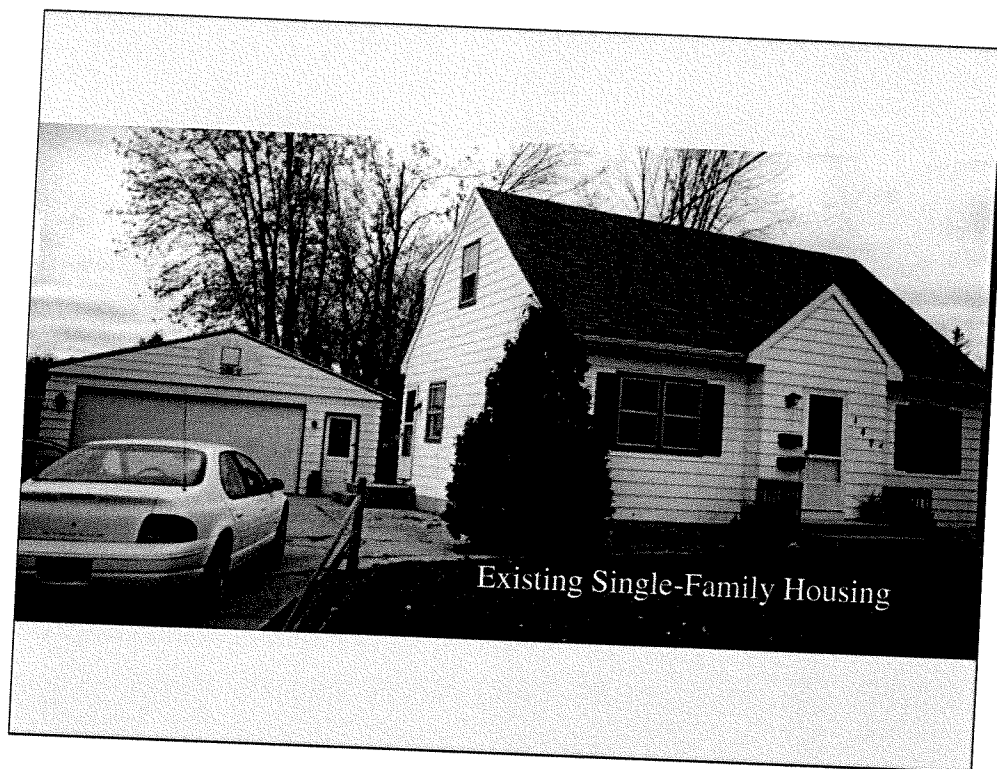


This is a picture of the before and after of a 504 rehabilitation project.

Our 504 repair programs provides financing to remove health and safety hazards in single family homes. Applicants must meet our very-low-income guidelines to qualify. Examples of eligible uses of funds are: new windows/doors, new furnace, new insulation/siding, new roof, new well, repairs to any of the items mentioned, etc.

This is primarily a loan program. It provides a 1% fixed interest rate. We can loan up to \$20,000 which can be amortized for up to 20 years.

If the applicant is 62 years of age or older and does not have repayment ability for a loan...we can then grant up to \$7,500 to do essential repairs.



We have two programs that provide financing for single family home ownership. Both programs can be used for new construction, new manufactured construction or purchasing an existing home.

In our Direct 502 Program...

- we act as the bank...we process the applications, we fund the loans, and we service the loans ourselves
- the program works for our low- and very-low-income clients because there is no downpayment and we subsidize their interest rate based on their income...similar to rental assistance programs...except now you're buying your home.

In the Guaranteed Housing Program

- approved lenders make the loans and we guarantee them 90% against loss
- the lender makes a 30-year, fixed interest rate loan
- these loans are not subsidized but the lender does not require a downpayment...they can loan 100% of market value
- the lender cannot charge PMI...premium mortgage insurance...which is the additional payment tacked on to the bank's mortgage payment when there is no original equity.

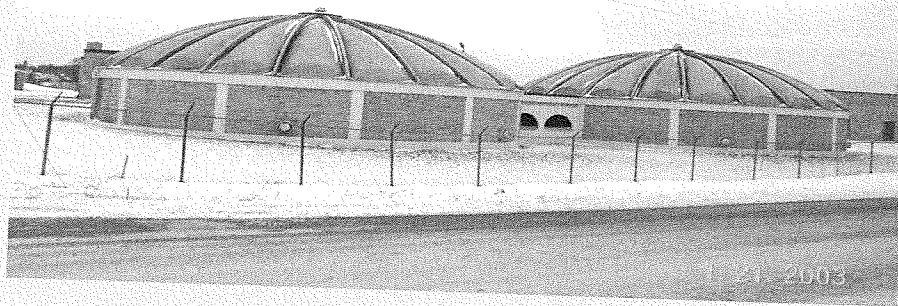
Michigan has been NUMBER ONE in the nation for the past 10 years in either # of dollars spent or # of loans made in the guaranteed program and received National recognition last fall for this achievement.

USDA Rural Development

Community Program Area

Community Programs include...

- utilities
- telecommunications
- water and sewer systems
- and community buildings and equipment

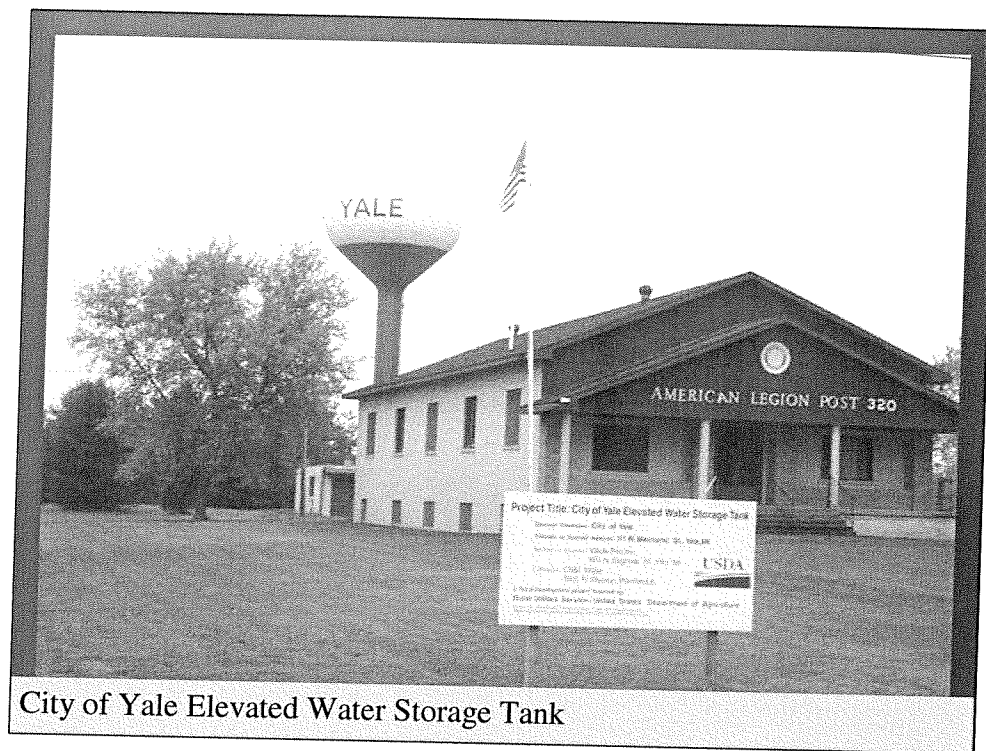


Manistique Waste Water
Processing Plant

Our water and sewer loans and grants
are available in communities of less than
10,000

Repayment is a maximum of 40 years

Public entities, Tribes, and non-profits
can apply

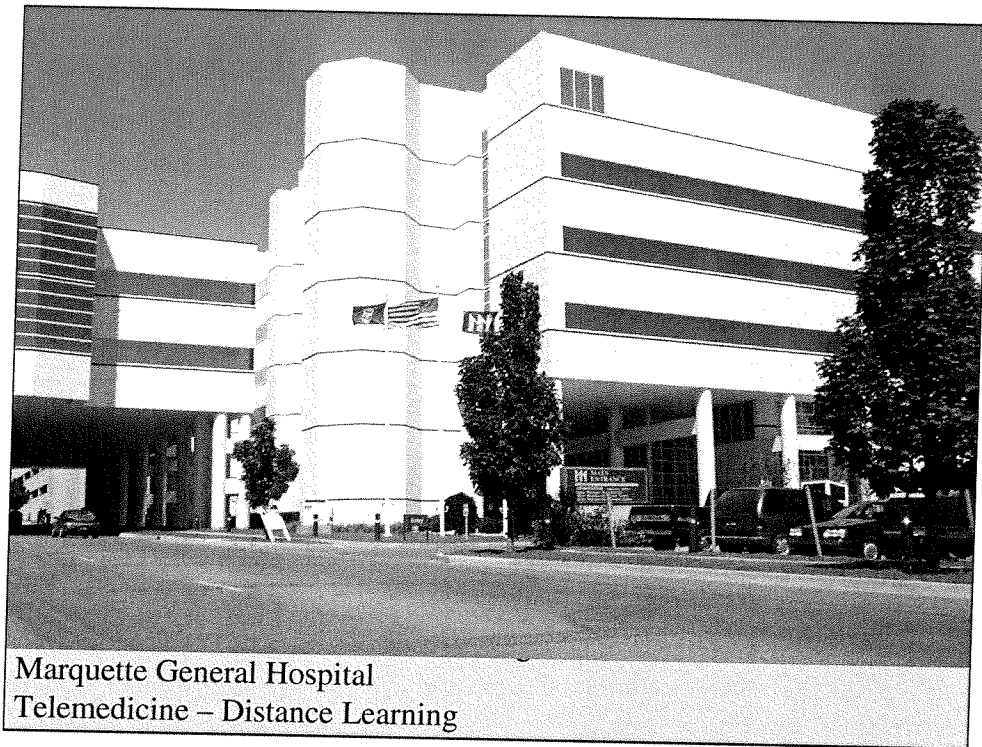


Water and Environmental Programs (WEP) provides loans, grants and loan guarantees for drinking water, sanitary sewer, solid waste and storm drainage facilities in rural areas.

WEP also makes grants to nonprofit organizations to provide technical assistance and training to assist rural communities with their water, wastewater, and solid waste problems.



The costs in these projects include distribution lines and lift stations as well.



Another community program is our telemedicine and distance learning loans and grants.

These programs are used to fund the equipment to provide inter-connectivity between hospitals and clinics and between various learning institutions or schools.

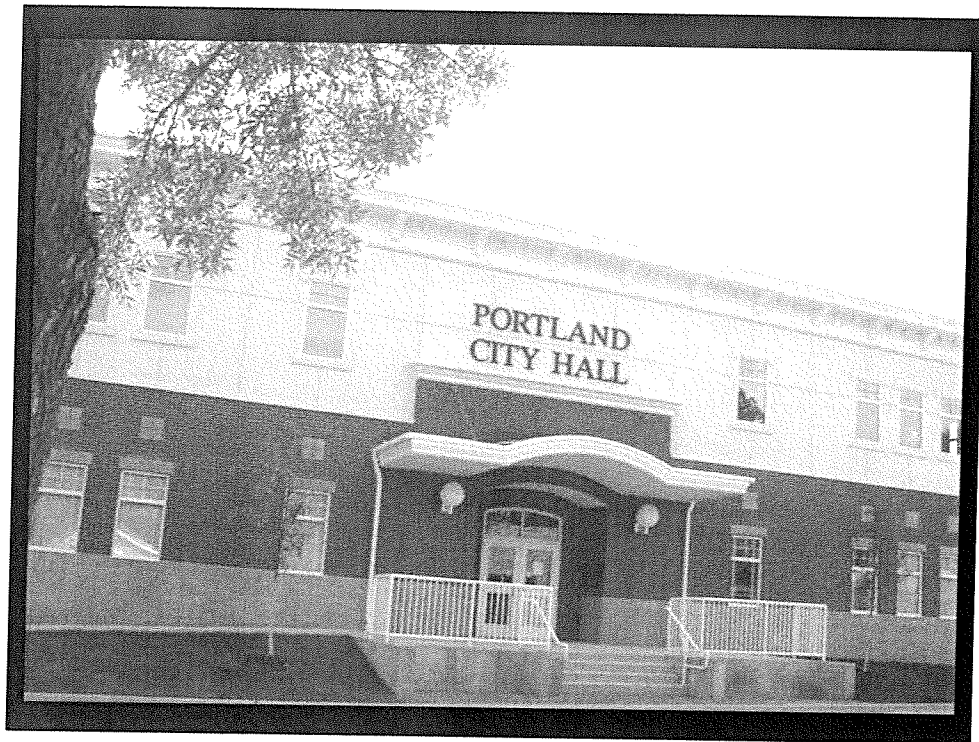
Hospitals can share information with outlying clinics...allowing for real-time diagnosis with w/o the patient having to travel.

Hospitals can also bring training to their staff w/o having to send them physically to school.

Schools can connect with other schools or universities to bring classes they would not normally have access to...(school funding cuts and reduced student populations)

Also of increased interest today is the availability of loan and grant funds to provide broadband service to rural areas.

For all three of these programs, we have a D.C. person assigned to assist interested applicants in Michigan. His name is Don Couzens and his contact information is in the program summary handout.

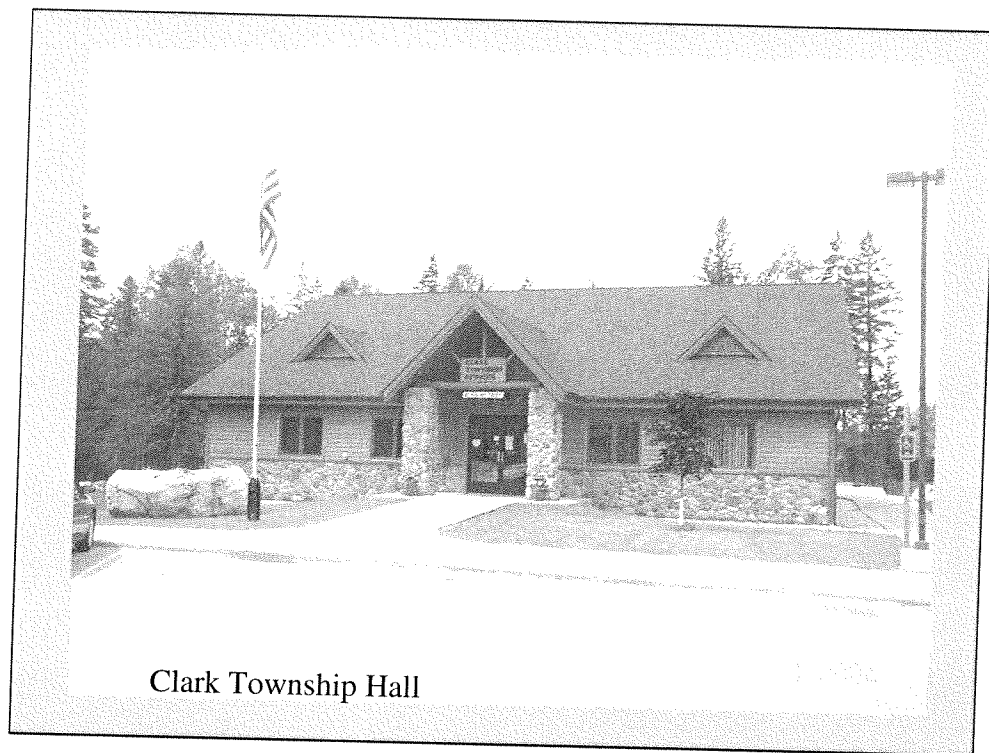


Also under 'community programs' is our community facility loan and grant program.

In this program...we can fund buildings or equipment that provide a public service.

Local units of government, Tribes, public bodies and qualified non-profit organizations are eligible to apply.

This is a picture of the City of Menominee's historic Carnegie Library. It was in need of more space, mechanical upgrades, and accessibility upgrades. All these improvements were packaged in one loan. This is an example of preserving a historic structure while providing a modern facility.

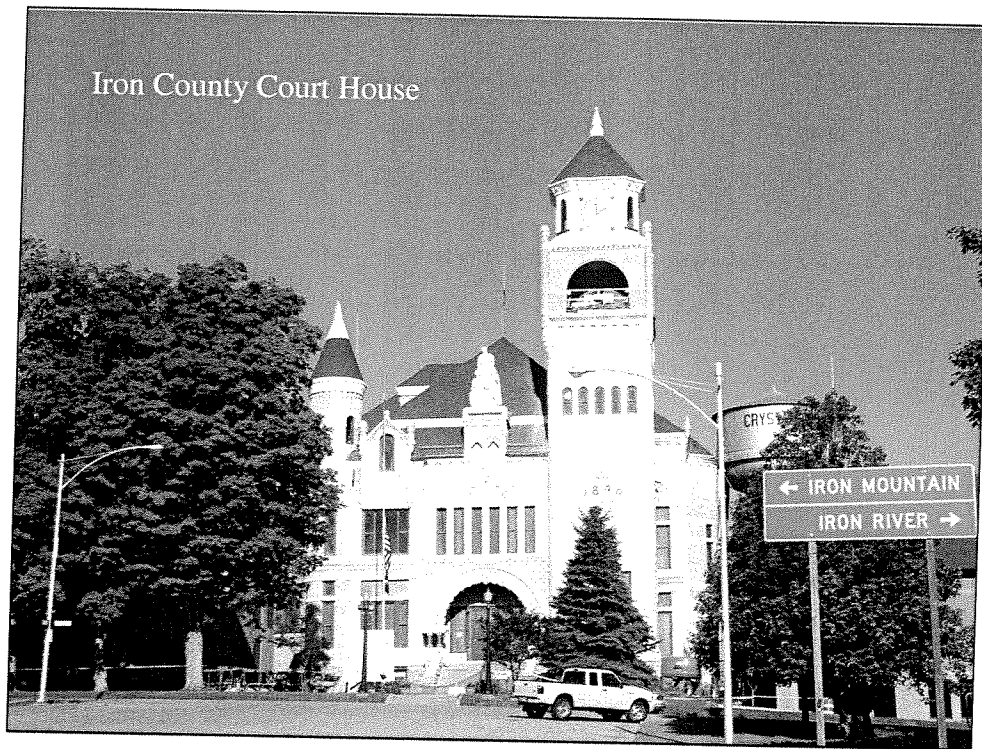


Clark Township Hall

Community Facility funding is available in communities with a population of less than 20,000

Loans on facilities can be amortized for up to 40 years...although Michigan law limits governmental bodies to 30 years on facilities.

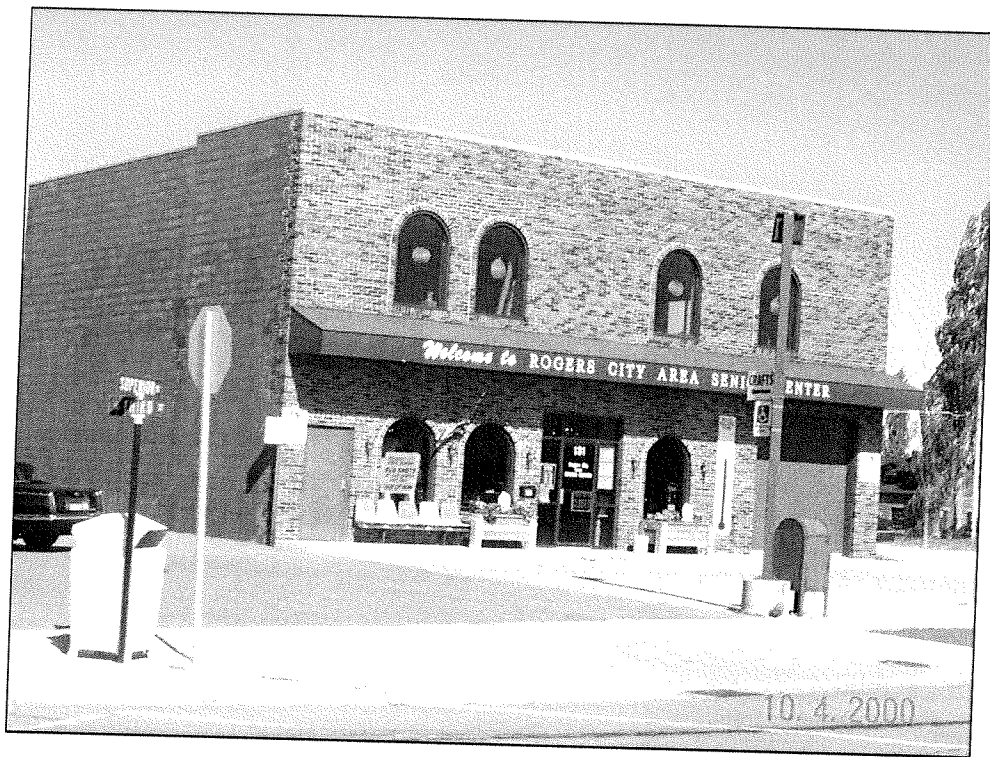
This is the Clark Township Hall located in Cedarville.



This is also a recent project in the Upper Peninsula...the restoration and preservation of the beautiful historic courthouse in Crystal Falls.

Work included exterior cleaning and tuck pointing...new mechanical systems...interior renovations...and the rebuilding of the top portion of the clock tower. They actually took the tower down, fixed it, and put it back up.

Meeting rooms and restrooms are now barrier free.



A not-for-profit group of senior citizens in Rogers City had purchased this building for use as a social gathering place.

The building was a showroom warehouse for a electrical contractor.

Rural Development made the group a loan/grant to remodel the building complete with new kitchen and large meeting/dining room. 40 year loan at 4.675%.



In addition to funding buildings...we can also fund a variety of equipment projects.

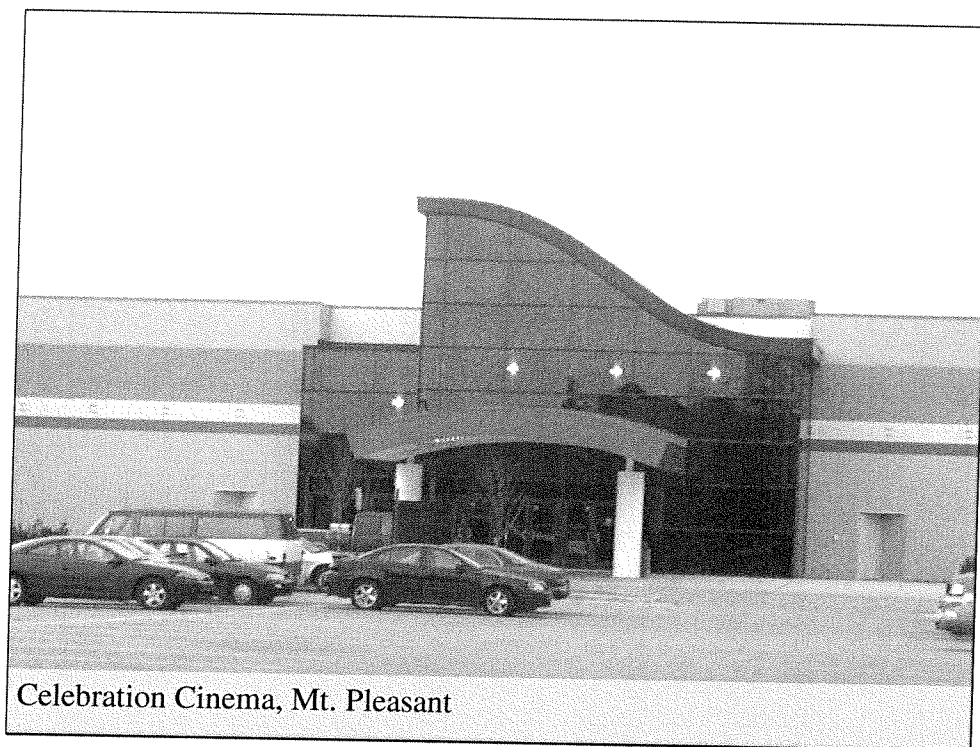
There is priority for funding projects related to the "First Responder" initiative. These include: fire trucks, police vehicles, ambulance and emergency medical vehicles, patrol boats, equipment for these vehicles, etc....

We can also fund large pieces of hospital equipment, school buses, municipal transportation system buses and so on.

USDA Rural Development

Business Program Area

These programs are aimed at job creation and job retention in our rural communities.



This is an example of a Business and Industry Guaranteed Loan to a for-profit business providing jobs in the local area. Rates and terms are set by the lender with any loss shared (guaranteed) by the government. The business applies directly to the bank. Typically these loans range from \$250,000 to \$5,000,000 and can be as large as \$25M



Rural Business Enterprise Grants can be used to establish revolving loan funds, buying and developing land, constructing buildings, putting in streets and utilities into industrial parks, and for technical assistance.

Public bodies...Tribes...and qualified non-profits can apply for these funds.



Rural Economic Development
Loans and Grants:

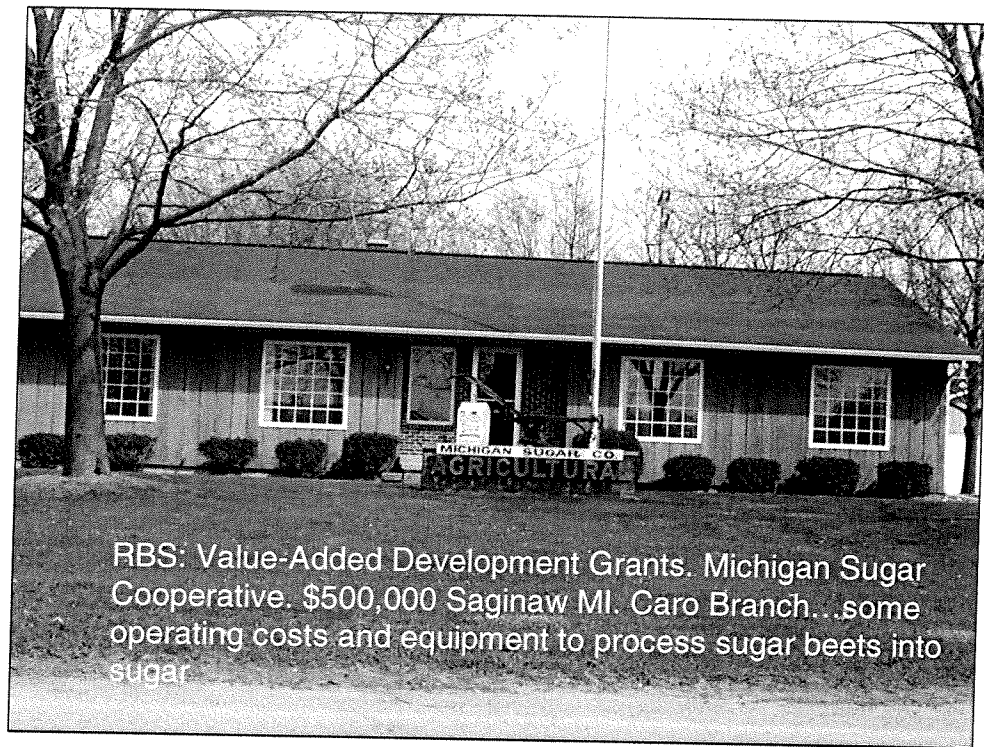
Zero interest loans and grants are made to Rural Utilities Service financed telephone and electric utilities to promote rural economic development and job creation projects.

The maximum loan for FY05 is \$740,000

The maximum grant for FY05 is \$300,000

Maximum loan term is 10 years at zero-percent interest, with the potential for up to a two-year deferral of payments.

Grants are typically made to cooperatives to establish revolving loan funds (RLFs), from which loans made to Ultimate Recipients.

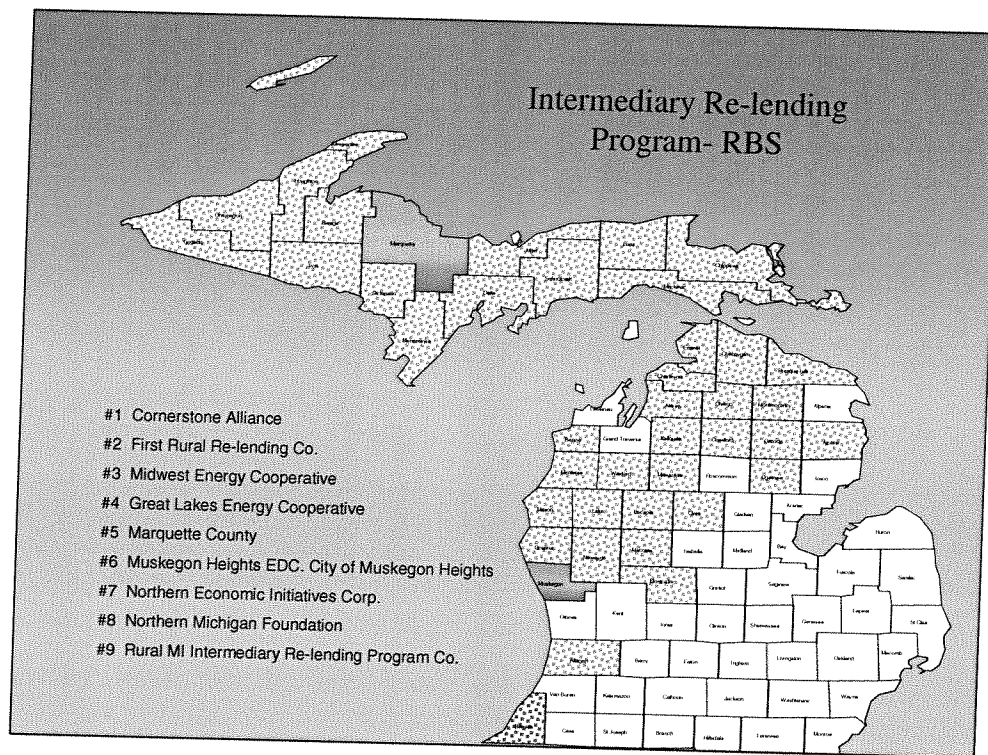


The value-added grant program is a relatively new program.

One of the rare occasions where we can directly assist agricultural producers.

These grants must be connected with a producer taking a product and changing it into something completely different from its natural state.

For example...sawing logs into lumber doesn't qualify...but changing sugar beets into granulated sugar or grapes into wine does.



In the Intermediary Re-lending Program...we make loans to entities for 1%...and those entities must then re-lend the money to small businesses.

This map indicates the recipients of these funds in Michigan and the territories they serve.